

FISCAL NOTE

SB 1806 - HB 1772

March 27, 2003

SUMMARY OF BILL: Sets forth new requirements for distributors, retailers, importers, and manufacturers of cigarettes and directs the Commissioner of the Department of Revenue to set up a web site specifying the identity and other pertinent information about these individuals.

- Requires cigarette importers and manufacturers to be licensed by the Department of Revenue.
- Sets forth rules pertaining to licensing.
- Requires a tax stamp on all cigarette packages.
- Sets forth rules for distributors applying stamps.
- Sets forth rules for retail dealers selling over 1000 cigarettes in one transaction.
- Sets forth rules pertaining to the shipping, mailing or delivery of cigarettes.
- Provides the commissioner or the commissioner's designee the authority to inspect facilities, records and vehicles for contraband cigarettes.
- Provides criminal penalties for persons not conforming to the provisions of this legislation.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$50,000 One Time
\$111,000 Recurring
\$10,767 Incarceration*

Increase State Revenues - Not Significant

Estimate assumes:

- One time costs of \$50,000 include systems costs and costs associated with the hiring and equipping two additional investigators.
- A need for two new investigators necessary for the Department of Revenue to handle the increased workload associated with implementation of the bill.
- One Class C felony conviction every three years, one Class D felony conviction every three years and one Class E felony conviction every other year.
- Any increase in revenues as the result of penalties is estimated to be not significant.

For informational purposes, according to the Department that portion of the bill requiring tobacco licensees to be listed on the Internet by the Department of Revenue appears to violate confidentiality regulations within the law.

**Section 9-4-210, TCA, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated for operating cost, in current dollars, shall be based upon the highest cost of the next 10 years, beginning with the year the additional sentence to be served impacts the correctional facilities population.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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